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March 2, 2018

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-B204
Washington, DC 20554

Re: Notice of *Ex Parte* in WC Docket No. 17-310

Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, we hereby provide notice of an oral and written *ex parte* presentation in connection with the above-captioned proceeding. On Wednesday, February 28, 2018, on behalf of the Palmetto State Providers Network (PSPN), Kathy Schwarting, Executive Direction of Palmetto Care Connections (PCC), and Matt Hiatt, IT Director of PCC, and undersigned counsel, met separately with Jay Schwarz, Legal Advisor to Chairman Pai, and Commissioner Clyburn and her legal advisor Claude Aiken.

The purpose of our meetings was to review PCC's success utilizing the Rural Health Care Program's Healthcare Connect Fund (HCF) to increase access to healthcare in rural communities across South Carolina through broadband. Like many states, South Carolina is experiencing rural hospital closures, the inability to attract medical professionals to practice in rural communities, an aging rural population, higher levels of poverty in rural areas, and the ongoing impacts of the opioid crisis. PSPN is helping South Carolina address these challenges by facilitating broadband access to rural health providers so they can access specialists and other care providers located in urban areas of the state.

We discussed how PSPN continues to grow as rural health providers upgrade their aging T1 connections to more effective (and more expensive) high-speed connections. These higher speed connections enable simultaneous utilization of modern healthcare applications including electronic medical records, high-definition video consults, and PACs imaging.

We made the following additional points about the HCF that we feel are important for the Commission to consider in the current rulemaking:

- Spending through the HCF program enables cost savings throughout the healthcare system. We discussed several examples of this:
    - By addressing health conditions before they become acute, telehealth generally reduces utilization of EMS services, thus saving local governments money;
        - An example of this in PSPN are broadband connections for school health clinics that allow families to more easily obtain routine care from local care providers utilizing HCF-subsidized circuits;
    - Telehealth reduces transportation costs as patients needn't drive hours to large tertiary providers to receive care; this also means less missed days off from work; or worse, rural residents simply declining to get needed care;
        - Because Medicaid covers transportation costs, Medicaid saves these costs when telehealth is available in rural areas.

- The RHC program cap should be raised substantially:
    - HCF funding is vital, especially to our small non-profit rural providers;
    - The FY 2016 *pro rata* reductions were a serious hardship to our participants; greater reductions in FY 2017 and beyond will make it difficult for many PSPN participants to afford the broadband they need.

- Majority rural consortia such as PSPN are a benefit to small rural providers who would otherwise either not participate or, as is often the case, utilize for-profit consultants to participate in the Telecommunications Program as individual applicants. Small rural safety-net providers especially do not have the resources or experience to handle the RHC application processes otherwise.

We really appreciated your time and attention and look forward to the Commission's decisions on this vital program.

Sincerely,

Jeffrey A. Mitchell
Counsel to Palmetto Care Connections

Attachments

Palmetto Care Connections (Lead Entity)

Palmetto State Providers Network

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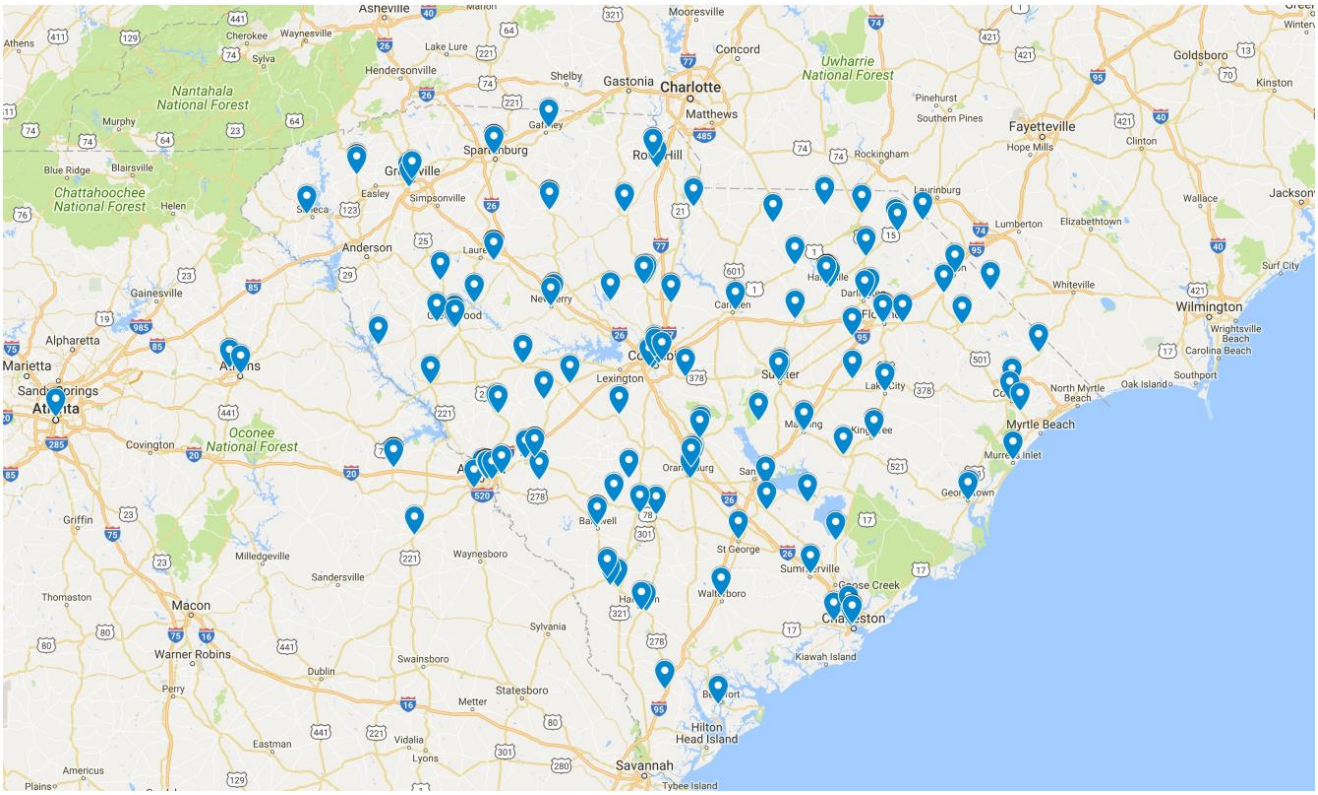
- PSPN Started in 2009
- In 2015 the number of sites had remained the same since 2009
- Since 2015, PSPN has grown from those 75 original sites to more than 300 circuits across the state
- 145 South Carolina FQHC's, 70 utilizing PSPN Consortium and obtaining HCF funding
- 69 South Carolina Hospitals, 30 utilizing the PSPN Consortium and obtaining HCF funding
- 97 **Independent** Doctors' Offices and Primary Care Facilities, 14 utilizing the PSPN Savings
- Current Total MRC for Sites Utilizing PSPN **$483,466.66**
- Current Monthly **SAVINGS** of **$324,445.33** with USAC
- Total Annual **SAVINGS** with PSPN/USAC assistance: **$3,771,039.96**
- Total **SAVINGS** for three-year commitment **$11,313,119.89**

Requirements are increasing daily for bandwidth across the healthcare spectrum, with hosted EHR software, Telehealth and Healthcare Exchange connectivity to name a few. The Healthcare Connect Fund has never been needed more.

For example, last year we were able to work with one of our FQHC's that had six locations. This FQHC had been trying for years to get their EHR, Pharmacy program and data sharing up and running efficiently between their six locations. With our primary service provider, we were able to help them get a fiber connectivity at each location (several very rural) and bring them from a 1.54MB T-1 to 100mb Fiber circuits at all locations for the same price they were paying for the T-1's they'd had for years and truly were not serving their needs. Additionally, PCC (USAC/Healthcare Connect Fund) was able to save them 65% or $156,000 on a core network overhaul that allowed them to be more successful in their software (EHR, Pharmacy, Telehealth) implementations. They've been able to get providers on board easier and more consistently to use the electronic records/services that have been in place and unused until the appropriate bandwidth was in place.



FCC's Rural Health Care Program – Notice of Proposed Rulemaking

- **Congress intended the Rural Health Care (RHC) universal service program to provide non-profit health care providers (HCPs) affordable access to telecommunications and broadband[1]:**
  - Support should be *predictable and sufficient*.[2]
  - Rural HCPs *shall* have access to telecom services at *rates that are reasonably comparable to rates charged for similar services in urban areas*.[3]
  - FCC policies should enhance access to broadband for *urban and rural* HCPs.[4]

- **The Healthcare Connect Fund (HCF) and the Telecom Program in Alaska are growing and working as Congress intended:**
  - Current RHC funding shortfalls are driven by legitimate bandwidth needs
    - Lower per-Mbps cost is being overtaken by exponential increase in demand.
    - Bandwidth demands driven by:
      - Advances in telehealth technology
      - Advances in communications technology (TDM to IP-Ethernet, cloud)
      - Rural demographics, health disparities, and economic challenges (aging, opioid crisis, hospital closure crisis)
      - Regulatory mandates (EHRs)
      - Disaster preparedness (physically diverse redundancy, cloud)
      - Doubling of number of eligible HCPs (including addition of skilled nursing)

- **Addressing waste, fraud, and abuse in the Lower 48 Telecom Program:**
  - The FCC should adopt uniform gift and consultant rules between E-rate and RHC.
  - FCC Enforcement activity helps deter fraud.

- **Consortia (with urban participation) should be encouraged:**
  - More efficient use of funding:
    - Bulk-buying lowers costs.
    - More efficient network architecture lowers costs (not point-to-point).
  - Urbans help consortia achieve these benefits; no evidence of urban waste/abuse.
  - Helps small individual HCPs, many of which do not have staff to otherwise participate and would otherwise use for-profit consultants that utilize the Telecom Program.

- **The RHC cap should reflect current realities so the program can continue to fulfill Congressional objectives**
  - *USTelecom opposes increase in RHC funds only for Lower 48 Telecom Program*
  - Alternatives:
    - Double the cap from $400 million to reflect doubling of eligible HCPs;
    - Keep $400 million cap for Healthcare Connect Fund only; place Telecom Program outside of cap (reflects statutory language);
  - Index the new cap to inflation.
  - Allow rollover of unused funds from prior years (like E-rate).
  - Do not deduct USAC administrative expenses from cap (like High Cost).

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[1] I.e., "advanced telecommunications and information services". *See* 47 USC § 254(h)(2)(A).
[2] *See* § 254(b)(5).
[3] *See* § 254(h)(1)(A); *see also* § 254(b)(3) (access to broadband at reasonably comparable rates for rural consumers).
[4] *See* § 254(h)(2)(A).